Supreme Court, U.S.
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No. 99-1571

IN THE

Supreme Court of the United States

TRAFFIX DEVICES, INCORPORATED

Petitioner,

—against—

MARKETING DISPLAYS, INCORPORATED,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

BRIEF OF THE HOLMES GROUP, INC. AS AMICUS CURIAE IN SUPPORT OF PETITIONER

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QUESTION PRESENTED

Petitioner sells wind-resistant traffic signs exemplified by the product depicted at 971 F. Supp. 277 (the "Accused Signs"). An integral part of the Accused Signs is an assembly of two vertically arranged, spaced-apart coil springs attached to and extending upwardly from the signs' base member. The configuration of the Accused Signs, including the configuration of the dual-spring assembly incorporated in those signs, admittedly is in the public domain under federal patent law, having been disclosed in a now-expired patent formerly owned by Respondent.

Notwithstanding the expiration of Respondent's patent, and notwithstanding that the configuration of the Accused Signs replicates a form in which Respondent made and sold its formerly patented invention during the term of Respondent's now-expired patent, the Court of Appeals held that Respondent could properly sue to enjoin Petitioner from selling the Accused Signs, on a theory that the configuration of the Accused Signs was subject to regulation as "trade dress" under certain recent lower federal court interpretations of Section 43(a) of the Trademark Act of 1946, as amended 15 U.S.C. § 1125(a) (the "Lanham Act").

As phrased by the Petitioner, the question presented is "whether federal trade dress protection extends to a product configuration covered by an expired utility patent" (Pet. at i). When expressed in terms of the language actually used in

Section 43(a) of the Lanham Act, the question presented by this case is:

> Does the configuration of the Accused Signs constitute a mere "symbol" or "device" used "on" or "in connection with" "goods" sold by Petitioner, as those terms are used in 15 U.S.C. § 1125(a), or does the configuration of the Accused Signs comprise an integral and inseparable part of the "goods" themselves?

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The Holmes Group, Inc. ("Holmes") respectfully submits this brief as *amicus curiae* in support of the Petitioner. Both parties have consented to the submission of this brief through letters filed with the Clerk of the Court. Counsel for Holmes authored this brief in its entirety. No other person or entity has made any monetary contribution to the preparation or submission of this brief.

INTEREST OF AMICUS CURIAE

Holmes manufactures and sells numerous models of household fans, air cleaners, humidifiers, lamps, and kindred goods. Some HOLMES® product models embody original designs on which Holmes holds issued or pending patents. Product differentiation is one way in which Holmes competes with rivals and appeals to that segment of consumer households which values unusual or memorable design in household products and is prepared to pay a premium for it.

Product differentiation is not, however, the *only* way in which Holmes competes with rivals. In addition to offering lines of highly differentiated products, Holmes also offers lines of more conventionally-designed HOLMES® products which are marketed primarily on the basis of price, brand name, service, and other factors besides originality of design. Price competition in the sale of similar or "commodity" products, embodying unpatented designs, is often the most important form of competition to price-conscious consumers.

Holmes's ability to design and bring new products to market, and Holmes's ability to engage in price competition in

the sale of similar products embodying unpatented designs, both depend crucially on Holmes's ability to use publicly known, unpatented design and utilitarian ideas in general circulation, and to do so without risking the kind of hugely costly, complex, and highly unpredictable litigation which this case well exemplifies.

In holding that Petitioner could be held liable under 15 U.S.C. § 1125(a) for making and selling the Accused Signs, regardless of what trademarks or symbols Petitioner might place on those signs, the Court of Appeals acted contrary to numerous decisions of this Court holding repeatedly, in various contexts, that a competitor in Petitioner's position has a "federal right to copy and to use" subject matter disclosed in an expired patent, *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 165 (1989), "including the right to make it in precisely the shape it carried when patented." *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230 (1964).

In case after case dealing with "unfair competition" claims indistinguishable, in principle, from the so-called "trade dress" claim asserted by Respondent here, this Court has repeatedly held that a first or "original" producer of goods embodying an unpatented design cannot exclude rivals from using or copying the design, but can require only that rivals refrain from "palming off their copies as the original." *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 257 (1964). *Accord Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119-22 (1938); *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 184 (1896), *Coates v. Merrick Thread Co.*, 149 U.S. 562, 572-73 (1893).

"In regard to mechanical configurations, Congress ha[s] balanced the need to encourage invention and originality of invention against the need to ensure competition in the sale of identical or substantially identical products." *Goldstein v. California*, 412 U.S. 546, 569 (1973). The idea that 15 U.S.C. § 1125(a) outlaws "competition in the sale of identical or substantially identical products," *Goldstein*, 412 U.S. at 569, on a theory that the mechanical configuration of a product somehow constitutes "trade dress," has been aptly characterized as a judicial "fiction"[1] which some lower federal courts have recently adopted in order to make an "end run around Sears/Compco."[2] It is also a "fiction" which has no textual basis in 15 U.S.C. § 1125(a) and "notoriously lacks the support and endorsement of the Supreme Court." *Kohler Co. v. Moen, Inc.*, 12 F.3d 632, 644 (7th Cir. 1993) (Cudahy, J., dissenting).

As a practical litigation matter, the decision below holds that consumers cannot have access to or purchase inexpensive reproductions of a product embodying an attractive, memorable, or proven design -- including even a product whose design is disclosed in an expired patent -- unless a would-be

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[1] Reichman, *Design Protection and the New Technologies*, 19 U. Balt. L. Rev. 6, 115 (1990), *quoted in* 1 J. McCarthy, *Trademarks and Unfair Competition* § 7.62 at 7-135 (4th ed. 2000).

[2] *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1505 (10 Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996) (quoting Dratler, *Trademark Protection for Industrial Designs*, 1988 U. Ill. L. Rev. 887, 916-24). *Cf.* Lange, *Recognizing the Public Domain*, 44 Law & Contemp. Probs. 147, 147 (1983) ("the growth of intellectual property in recent years has been uncontrolled to the point of recklessness").

manufacturer is prepared to spend years[3] and huge sums litigating such highly contestable issues as (a) what a poll might be argued to show is the "primary" significance of a product configuration in the minds of some percentage of some relevant universe of third-parties;[4] (b) whether a product, no matter how clearly marked as to its origin at the time of sale, might nevertheless be seen in a "post-sale" context and thereby "confuse" potential future purchasers, or perhaps even casual observers, of the product outside of its sale setting;[5] and (c) whether an integral part of a product's design might nevertheless be deemed "non-functional" in the 1980's lingo of some lower federal courts,[6] because in the opinion of a judge or jury, a producer having some level of competence and resources could compete "effectively" at some price, at some scale, over some period of time, in some market defined by no particular standard, by persuading some consumers to change their existing preferences and purchase products embodying an "alternative design."[7]

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[3] In one recent -- and still pending -- case, the parties have so far spent more than six (6) years litigating the "primary" and "secondary meaning," and "functionality" or "nonfunctionality," of the rounded oval head of an electrical cable tie disclosed in an expired patent. *See Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277 (7th Cir.) (reversing summary judgment for defendant), *cert. denied*, 525 U.S. 929 (1998); *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654 (7th Cir. 1995) (reversing preliminary injunction granted to plaintiff), *cert. denied*, 516 U.S. 1159 (1996); *Thomas & Betts Corp. v. Panduit Corp.*, 34 U.S.P.Q. 2d 1607 (7th Cir. 1994) (denying motion for stay of preliminary injunction granted to plaintiff).

[4] *Cf. Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 517 (9th Cir.), *cert. denied*, 493 U.S. 872 (1989) (notwithstanding expired patent, manufacturer of radiator C-clamps enjoined under 15 U.S.C. § 1125(a) based on clamp design having "secondary meaning").

[5] *Cf. Ferrari S.p.A. Esercizio v. Roberts*, 944 F.2d 1235, 1239-48 (6th Cir. 1991), *cert. denied*, 505 U.S. 1219 (1992) (over strong dissent, maker of automotive car bodies enjoined under 15 U.S.C. § 1125(a), based in part on potential "post-sale confusion" in the minds of pedestrians seeing cars pass on the street). It may be noted that the familiar "likelihood of confusion" standard for infringement under 15 U.S.C. § 1125(a) can be more protective than the standard of design patent infringement under 35 U.S.C. § 271. *Cf. Goodyear Tire & Rubber*

(continued...)

[5](...continued)
Co. v. Hercules Tire & Rubber Co., 162 F.3d 1113, 1117 (Fed. Cir. 1998) ("if the resemblance is such as to deceive an observer, inducing him to purchase one supposing it to be the other") (quoting *Gorham Co. v. White*, 81 U.S. (14 Wall.) 511, 528 (1871))

[6] For a compilation of the various -- and widely divergent and indeterminate -- redefinitions of "functionality" adopted by the Courts of Appeals in the 1980's, *see* Dabney, *Unfair Competition After Bonito Boats*, C461 ALI-ABA-47 (1989). In general, the 1980's-era changes in the meaning of "functionality" sharply constricted its reach. *Compare* Restatement of Torts § 742 (1938) *with* Restatement (Third) of Unfair Competition § 17 (1995). *Cf. In re Morton Norwich Prods., Inc.*, 671 F.2d 1332, 1340 (C.C.P.A. 1982) (asserting that the definition of "functionality" in Restatement of Torts § 742 is "so broad as to be meaningless").

[7] *Cf. Villeroy & Boch Keramische Werke K.G. v. THC Systems, Inc.*, 999 F.2d 619, 621 (2d Cir. 1993) (reversing summary judgment for defendant; hotel china pattern on replacement dishes could be "non-functional," because a competitor could theoretically persuade a hotel to throw all of its existing china away and purchase a whole new set bearing an "alternative" pattern). Ironically, for a company like Holmes which offers diverse product models to meet various consumer preferences, Holmes's own innovativeness can be pointed to as "evidence" that any

(continued...)

In so heavily qualifying, and *pro tanto* nullifying, the rights of producers and consumers to use "publicly known, unpatented design and utilitarian conceptions," *Bonito Boats*, 489 U.S. at 156, the decision below is fundamentally inconsistent with numerous decisions of this Court holding that federal patent law creates a "public domain" whose contents are "subject to appropriation without significant restraint." *Id.* This Court should not labor under any doubt as to the real world significance of the purported liability rules articulated in the decision below: those rules represent a very powerful deterrent to the use or sale of products embodying designs disclosed in expired patents.

Holmes was recently forced to spend hundreds of thousands of dollars defending its right to sell HOLMES® household fan products whose housings incorporated, as an integral part of their design, curved stator vanes which a competitor characterized as "trade dress." *See Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*, 93 F. Supp. 2d 1140 (D. Kan.), *appeal docketed*, No. 00-1286 (Fed. Cir. 2000).[8] In that case as in this, the plaintiff was emboldened by many lower federal courts' recent willingness to disregard this Court's many decisions construing and enforcing the public domain created

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[7](...continued)
particular model's configuration may be challenged in groundless "trade dress" litigation such as that invited by the decision below.

[8] The so-called "trade dress" at issue in the case cited in the text is the exact same mechanical configuration which was held, in *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996), to be ineligible for protection as "trade dress."

by federal patent law, to "enlarge the Lanham Act's scope of protection beyond its statutory language and Congressional intent,"[9] and to fashion perpetual, free-form, judge-made rights to exclude rivals' and consumers' use and enjoyment of publicly known, unpatented design and utilitarian conceptions in general circulation.[10]

As one of the nation's leading manufacturers of branded consumer household products, Holmes is vitally interested in seeing that the public domain, as long recognized and enforced a by this Court, remains a freely accessible source of design and utilitarian conceptions. The decision below represents a serious threat to Holmes's ability to engage in price competition, to innovate, and to implement what this Court has often stated in the "ultimate goal" of the U.S. patent system: making and selling products embodying design ideas for whose free use, today, the public long ago paid the price of a patent. *Bonito Boats*, 489 U.S. at 151.

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[9] *Ferrari S.p.A. Esercizio v. Roberts*, 944 F.2d 1235, 1253 (6th Cir. 1991) (Kennedy, J., dissenting), *cert. denied*, 505 U.S. 1219 (1992).

[10] Besides being contrary to decisions of this Court and without basis in the text of 15 U.S.C. § 1125(a), the liability rules articulated in the decision below are also perfectly circular; for it is only if courts give legal recognition to claims like Respondent's that consumers could be "trained" to look to the configuration of a product, rather than trademarks or trade "dress" affixed to the product, for information concerning the product's source. *See Vornado*, 58 F.3d at 1509 ("if copying is allowed, [consumers] will depend less on product shapes and more on labels and packaging").

As set forth more fully below, the Accused Signs sold by Petitioner do not embody any design that even arguably constitutes a mere "symbol" or "device" used "on" or "in connection with" "goods," as those terms are used in 15 U.S.C. § 1125(a). Rather, the Respondent seeks to enjoin Petitioner from selling the Accused Signs -- goods -- *regardless* of what "words," "symbols," or "devices" Petitioner may "place . . . on" those goods. 15 U.S.C. § 1127. Because 15 U.S.C. § 1125(a), properly interpreted, does not authorize issuance of injunctions to restrain a competitor from selling "that which the federal patent laws permit to be copied," *Sears*, 376 U.S. at 232, the decision below should be reversed.

ARGUMENT

The decision below rests on two fundamental errors. The Court of Appeals' first error was its failure to cite or respect this Court's many decisions holding that federal patent law, including Art. I, § 8, cl. 8 of the Constitution, creates a "public domain" whose contents are "public property" which all have had an affirmative, federal right to copy and to use "without significant restraint." *Bonito Boats*, 489 U.S. at 152, 156, 165. In simply assuming that Petitioner had no such right,[11]

[11] Notwithstanding this Court's explicit holding to the contrary in *Bonito Boats*, 489 U.S. at 165 ("For almost 100 years it has been well established that in the case of an expired patent, the federal patent laws *do* create a federal right to 'copy and to use'"), some lower courts continue to insist that "there is neither a federal right to copy and to use, be it constitutional or statutory in nature, nor any implied remedy for that purported right." *Hunter Douglas, Inc. v. Harmonic Design, Inc.*, 153 (continued...)

apparently on the happenstance that Respondent chose 15 U.S.C. § 1125(a), rather than corresponding state law, as its vehicle for seeking injunctive relief, the Court of Appeals clearly was not faithful to this Court's decisions (Part I, *infra*).

The Court of Appeals' second error lay in its disregard for the text of 15 U.S.C. § 1125(a) and related provisions of the Lanham Act. 15 U.S.C. § 1125(a) regulates use of "any word, term, name, symbol, or device, or any combination thereof," used "on" or "in connection with" "goods." The plain meaning of this language, particularly when read in light of the statutory definition of "use in commerce," 15 U.S.C. § 1127, makes clear

[11](...continued)
F.3d 1318, 1325 (Fed. Cir. 1998), *cert. denied*, 525 U.S. 1143 (1999). The decision below cites with approval the decision of the Federal Circuit in *Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356 (Fed. Cir.), *cert. denied*, 120 S. Ct. 527 (1999), which went so far as to hold that use of a boat trailer winch post configuration disclosed in a patent could be enjoined on the basis of Iowa state law. 175 F.3d at 1364-65.

In sharp contrast, the Tenth Circuit in *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996), accepted and applied the law as stated by this Court, including that "patent law creates a federal right to copy and to use product features that are in the public domain, whether under an expired patent or for lack of patentability in the first place." 58 F.3d at 1503. The *Vornado* decision further "conclude[d] that patent law seeks the invention and the passing into the public domain of even what trade dress law would consider nonfunctional inventions." *Id.* at 1508. *See also* Patry, *The Enumerated Powers Doctrine and Intellectual Property: An Imminent Constitutional Collision*, 67 Geo. Wash. L. Rev. 359, 368 n.54 (1999) ("Although the Federal Circuit still hasn't 'gotten it,' . . . the Tenth Circuit has").

that to constitute a "symbol" or "device" used "on" "goods" for purposes of 15 U.S.C. § 1125(a), a claimed "symbol" or "device" must be physically or conceptually separable from any "goods" on which it is "placed." 15 U.S.C. § 1127. By failing to analyze Respondent's so-called "trade dress" claim in terms of the actual language of 15 U.S.C. § 1125(a), the Court of Appeals overlooked key definitional limitations on what can and cannot be constituted "trade dress" subject to regulation under the statute (Part II, *infra*).

I. THE DECISION BELOW CONFLICTS WITH PREVIOUS DECISIONS OF THIS COURT.

A. Federal Patent Law Creates "Public Property" Which All Have a Federal Right to Copy and to Use

In a series of cases dating back to at least *Coates v. Merrick Thread Co.*, 149 U.S. 562 (1893), this Court has repeated held that the expiration of a patent does not merely terminate the patentee's right to exclude, but vests in the public an affirmative, "federal right to copy and to use." *Bonito Boats*, 489 U.S. at 165. The existence of this right reflects that "[t]o a limited extent, the federal patent laws must determine not only what is protected, but also what is free for all to use." *Bonito Boats*, 489 U.S. at 151. *See Goldstein v. California*, 412 U.S. 546, 569 (1973) (with respect to "mechanical configurations" federal patent laws "indicat[e] not only which articles in this particular category Congress wished to protect, but which configuration it wished to remain free").

This Court has often used the terms "public domain" and "public property" to describe the legal relationship of the public to that which federal patent law determines must be free for all to use. *See, e.g., Graham v. John Deere Co.*, 383 U.S. 1, 31 n.17 (1966); *Brulotte v. Thys Co.*, 379 U.S. 29, 31 (1964); *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 120 (1938); *Singer Mfg. Co. v. June Mfg Co.*, 163 U.S. 169, 185 (1896).[12]

The "public property" created by federal patent law has been held to have a number of significant legal characteristics. Just as the public cannot rightly be excluded or fenced out of public lands in the public domain, the public co-equally has a federal right, "[b]y the force of the patent laws," *Scott Paper v. Marcalus Co.*, 326 U.S. 249, 256 (1945), to copy and to use "whatever the federal patent copyright laws leave in the public domain." *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964). "An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so." *Sears, Roebuck Co. v. Stiffel Co.*, 376 U.S. 225, 231 (1964).

This Court has also held that the "public property" created by federal patent law cannot be "subject to private barter, sale, or waiver." *Scott Paper*, 326 U.S. at 257. In *Scott Paper*, this Court held that an assignor of a patented invention could not be

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[12] *See also* Dabney, *State Law Protection of Intellectual Creations: Privacy and Preemption*, 38 Syracuse L. Rev. 653, 663 (1987) ("the operative principle of *Sears* and *Compco* is an federal law concept of 'public domain'").

estopped or precluded from practicing the subject of an expired patent which anticipated claims of the assigned patent, because:

> [T]he patent laws preclude the patentee of an expired patent and all others including petitioner from recapturing any part of the former patent monopoly; for those laws dedicate to all the public the ideas and inventions embodied in an expired patent. They do not contemplate that anyone by contract or any form of private arrangement may withhold from the public the use of an invention for which the public has paid by its grant of a monopoly and which has been appropriated to the use of all . . . . It follows that the patent laws . . . preclude the assignor from estopping himself from enjoying right which it is the policy of the patent laws *to free from all restrictions*.

326 U.S. at 256-57 (emphasis added). *See also Brulotte v. Thys Co.*, 379 U.S. 29, 32 (1964) ("a royalty agreement that projects beyond the expiration date of the patent is unlawful *per se*"). *Cf. Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 263 (1979) (agreement to pay royalties for use of confidential design not invalid, because "the design entered the public domain as a result of the manufacture and sale of the key holders under the contract").

In *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989), this Court held yet again, and more explicitly than in any of its prior decisions, that federal patent law vests affirmative legal rights in both patentees and the public. *Bonito Boats* specifically repudiated the view of federal patent law

which had been articulated in *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed. Cir. 1985), to the effect that "the patent laws say nothing about the right to copy or the right to use, they speak only in terms of the right to exclude." *Interpart*, 777 F.2d at 685.[13]

In holding, contrary to the starting assumption of the decision below, that a manufacturer had an affirmative, federal patent law right to reproduce and sell vessel hulls embodying a publicly known, unpatented design, this Court stated (489 U.S. at 165):

> For almost 100 years it has been well established that in the case of an expired patent, the federal patent laws *do* create a right to "copy and to use." *Sears* and *Compco* extended that rule to potentially patentable ideas which fully exposed to the public. The *Interpart* court's assertion to the contrary is puzzling. . . .

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[13] Under the law articulated in *Interpart* and assumed in the decision below, "the right to copy [structures disclosed in expired patents] is not derived in way from the patent law; it is a right which adheres in the public under the general law except to the extent that the patent law may remove it." *In re Deister Concentrator Co.*, 289 F.2d 496, 501 n.3 (C.C.P.A. 1961). Thus, according to the decision below and others like it (see note 11, *supra*), federal patent law supposedly imposes no limitation on the scope of what constitutes "trade dress"; courts supposedly are free to implement their own personal preferences for, say, non-price differentiation of products in place of price competition in the sale of well-labeled, identical products.

Recapitulating its past decisions interpreting and applying the "federal right to copy and to use," this Court stated in *Bonito Boats*:

> The defendant . . . may copy plaintiff's goods slavishly down to the minutest detail; but he may not represent himself as the plaintiff in their sale.

489 U.S. at 157 (quoting *Crescent Tool Co. v. Kilborn & Bishop Co.*, 294 F. 299, 301 (2d Cir. 1917) (L. Hand, J.)).

B. Trademark Law Rightly Requires That Competitors Place Identifying Words or Symbols on Products Whose Configuration Resembles a Pre-Existing Product.

While repeatedly holding that the "public property" created by federal patent law "can be copied in every detail by whoever pleases," *Compco*, 376 U.S. at 238, this Court, at the same time, has held that rivals may be required to mark or package their products "with such indications that the thing manufactured is the work of the one making it, as will unmistakably inform the public of that fact." *Singer*, 163 U.S. at 200. This rule was long widely respected by lower federal courts, as exemplified by the following passage from 1983:

> The difference in the protection against imitation which will be accorded to an article of commerce on the one hand, and to a package in which the article is marketed on the other, was long ago noted . . . . [T]he law which permits one to market an identical of its

> competitor's product does not give him freedom to imitate the appearance of the package in which the article is sold . . . . [T]he public policy which permits the imitation of an article of commerce is without relevance to the dress in which the article is marketed.

Fabrica Inc. v. El Dorado Corp., 697 F.2d 890, 895 (9th Cir. 1983) (quoting *Audio Fidelity, Inc. v. High Fidelity Recordings, Inc.*, 283 F.2d 551, 557 (9th Cir. 1960) (quoting *Tas-T-Nut Co. v. Variety Nut & Date Co.*, 245 F.2d 3-7 (6th Cir. 1957)).

This Court's decision in *Singer* provides an excellent illustration of this Court's traditional approach to unfair competition in the context of product copying. In the *Singer* case, the defendant manufactured and sold sewing machines which were substantially identical in appearance to sewing machines which the plaintiff had manufactured and sold during the term of patents held by the plaintiff on various aspects of the machines. This Court held that, notwithstanding that the defendant had the right to make and sell machines in the same form as plaintiff made and sold them during the term of its expired patents, and notwithstanding that the defendant had a further right to use the term SINGER as a generic designation for a class of machines, the defendant was nevertheless liable to the plaintiff for unfair competition, because it had used deceptive markings and devices calculated to pass off the defendant's copies as originating with the plaintiff.

This Court stated the general principle violated by the defendant as follows (163 U.S. at 185):

> But it does not follow, as a consequence of dedication, that the general power, vested in the public, to make the machine and use the name imports that there is no duty imposed, on the one using it, to adopt such precautions as will protect the property of others and prevent injury to the public interest, if by doing so no substantial restriction is imposed on the right of freedom of use. This principle is elementary and applies to every form of right and is generally expressed by the aphorism *sic utere tuo ut alienum non loedas*.

The defendant in *Singer* had affixed to its machines an oval brass plate a trifle larger than one of exactly the same shape as one found on the plaintiff's machines, and had located it at the base of the arm in the same position as the plaintiff placed its oval plates. The defendant also placed a "device, cast in the legs thereof, in the same relative position as was the trade-mark device cast in the legs of the stand which had been adopted by the Singer Company," with deceptive and ambiguous abbreviations on it. *Id.* at 176-77. The defendant additionally had placed a "dummy" tension screw on its machines in precisely the same position as a functioning, and still patented, tension screw which was utilized in the plaintiff's machines. *Id.* at 177. Finally, the defendant had placed very high serial numbers on its machines intended to convey the "obvious impression that they were the result of a manufacture long-established, and as they were marked 'Singer' suggesting, by an irresistible implication that they were machines made the Singer Company." *Id.* at 202.

On these facts, this Court held that the defendant was liable for unfair competition. The basis of liability was not that the defendant had copied the form in which the plaintiff had made and sold machines during the term of its patent, but rather that the defendant had placed false and deceptive markings on its machines which were likely to cause confusion as to the origin of machines sold by defendants.

C. The Decision Below Improperly Circumscribes Petitioner's and the Public's Federal Right to Copy and to Use.

In the present case, the so-called "trade dress" claim of Respondent is not directed to anything like the type of false marking which was held, in *Singer*, to provide a basis of liability. Rather, the Respondent's "trade dress" claim is substantially identical to a claim which this Court specifically rejected in *Singer*, namely, "unfair competition in business, resulting from the form in which defendant makes his machines." 163 U.S. at 184. With respect to that purported basis of liability, this Court held in *Singer* (163 U.S. at 185; emphasis added):

> It is self evident that on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent *becomes public property*. It is upon this condition that the patent is granted. It follows, as a matter of course, that on the termination of the patent *there passes to the public* the right to make the machine in the form in which it was constructed during the patent.

Nearly seventy (70) years later, in *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), this Court again considered a claim of "unfair competition" arising from the form in which a competitor made and sold its product. The plaintiff in *Compco* manufactured and sold lighting fixtures whose configuration "had, like a trademark, acquired a 'secondary meaning' by which that particular design was associated with Day-Brite." 376 U.S. at 238. In addition, the plaintiff in *Compco* contended that the design embodied in its products was "nonfunctional," in that "'several choices of ribbing were apparently available to meet the functional needs of the product,'" but that Compco had "'chose[n] precisely the same design used by the plaintiff and followed it so closely as to make confusion likely.'" 376 U.S. at 236 (quoting 311 F.2d at 26, 30).

Despite these factual determinations, which were accepted for purposes of analysis, 376 U.S. at 237, this Court reversed and vacated the injunction which had been entered against the defendant in that case, holding (376 U.S. at 237-39):

> Day-Brite's fixture has been held not to be entitled to a design or mechanical patent. Under the federal patent laws it is, therefore, in the public domain and can be copied in every detail by whoever pleases . . . . Since the judgment below forbids the sale of a copy of an unpatentable article and orders an accounting for damages for such copying, it cannot stand.

The plaintiff in *Compco* was denied relief, not because the design in question was "functional,"[14] but because by operation of the federal patent laws, the design was "in the public domain and can be copied in every detail by whoever pleases." *Compco*, 376 U.S. at 238. *Compco* reiterated that the right to copy publicly known, unpatented designs was accompanied by a duty on the part of "those who make and sell copies to take precautions to identify their products as their own." 376 U.S. at 238. But since the purported basis of liability in *Compco* was not any alleged use of false or deceptive marking, but rather was the mere reproduction of an allegedly "distinctive" and "nonfunctional" product design, federal patent law was held to bar the imposition of any liability on the part of defendant.

The so-called "trade dress" claim of Respondent in this case is indistinguishable, in principle, from the claim which this Court rejected in *Compco*. According to the decision below, Petitioner can be enjoined from selling the Accused Signs if at a moment in time, the configuration of those signs is deemed to be "nonfunctional" and the appearance of signs shown by Respondent is shown to have "secondary meaning" -- the exact same theory which this Court, in both *Sears* and *Compco*, held was "not enough to support an injunction against copying or an

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[14] In addition to noting the purported availability of "alternative designs," 376 U.S. at 236, this Court expressly rejected the argument that competitors could be enjoined from using so-called "nonfunctional" designs disclosed in an expired or invalid patent. *See id.* at 238 ("That an article copied from an unpatented article could be made in some other way, that the design is 'nonfunctional' and not essential to the use of either article, . . . can[not] furnish a basis for imposing liability for or prohibiting the actual acts of copying and selling.").

award of damages for copying that which federal patent laws permit to be copied." *Sears*, 376 U.S. at 232.

The only apparent basis for the Court of Appeals' disregard of this Court's *Sears* and *Compco* decisions was the Respondent's choice of 15 U.S.C. § 1125(a), rather than state law, as a vehicle for re-asserting the theory of "unfair competition" liability which this Court specifically rejected in *Sears* and *Compco*. The decision below confirms, once again, that "distinguishing *Sears*, *Compco*, and/or *Bonito Boats* has become a veritable jurisprudential art form in recent years." *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1505 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996).

As numerous courts have noted, the standard of liability for "unfair competition" under 15 U.S.C. § 1125(a) is substantially the same as, if not identical to, the standard of "unfair competition" prevalent under the law of most states. *E.g.*, *Scotch Whiskey Ass'n v. Majestic Distilling Co.*, 958 F.2d 594, 596 (4th Cir.), *cert. denied*, 505 U.S. 862 (1992); *Winner Int'l LLC v. Omori Enterprises, Inc.* 60 F. Supp. 2d 62, 73 (E.D.N.Y. 1993); *Guardian Life Ins. Co. v. American Guardian Assur. Co.*, 943 F. Supp. 509, 525-26 (E.D. Pa. 1996). Thus, as has been noted, "the relation of patent law to state unfair competition law is exactly the same as its relation to federal trademark law." *Kohler v. Moen*, 12 F.3d 632, 647 (7th Cir. 1993) (Cudahy, J. dissenting). *Accord*, *Ferrari S.p.A. Escercizio v. Roberts*, 944 F.2d 1235, 1253 (6th Cir. 1991) (Kennedy, J. dissenting) ("the rationale applied in this trilogy of cases [*Sears*, *Compco*, *Bonito Boats*] to state unfair

competition laws applies with equal force to federal trademark laws"), *cert. denied*, 505 U.S. 1219 (1992). The Respondent's choice of 15 U.S.C. § 1125(a), rather than state law, as a vehicle for seeking to enjoin Petitioner from selling the Accused Signs, was and is wholly extraneous to "the teaching of *Sears* and *Compco* that ideas once placed before the public without the protection of a valid patent are subject to appropriation without significant restraint." *Bonito Boats*, 489 U.S. at 156.

Under the reasoning of the decision below, the subject matter of Respondent's expired patent is anything but "free from all restrictions." *Scott Paper Co. v. Marcalus Co.*, 326 U.S. 249, 257 (1945). The Respondent has been held entitled to claim, not merely a right to exclude use of some "symbol" or "device" used "on" the Accused Signs, but a right to exclude Petitioner from selling the Accused Signs at all. In many respects, the decision below exposes Petitioner to greater litigation defense costs, greater uncertainty of outcome, and greater liability for monetary and injunctive relief, than Petitioner would face if the term of Respondent's patent had been extended and this action was one for patent infringement under 35 U.S.C. 271(a).[15]

The conflict between the decision below and past decisions of this Court is not avoided, and in fact is magnified, by the Court of Appeals' deigning to acknowledge that Petitioner

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[15] *Cf. Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260 (Fed. Cir.), *cert. denied*, 516 U.S. 909 (1995) (affirming award of $ 1.8 million in compensatory damages and attorneys' fees for sale of furniture embodying unpatented design, and affirming liability for punitive damages).

could sell the Accused Signs in their current configuration if, following a federal court trial, a court or jury concluded that "the particular product configuration is a competitive necessity," 200 F.3d at 940, and so would be legally "non-functional" in the Court of Appeals' eyes. Contrary to the Court of Appeals' apparent view, the right of the public to use and enjoy the subject matter of expired patents has never depended on whether a particular producer can successfully run any such litigation gauntlet.

Not only did this Court, in *Compco*, specifically reject "nonfunctionality" as a justification for enjoining a competitor from selling goods embodying an unpatented design, 376 U.S. at 238, but more fundamentally, this Court has repeatedly held that "the consuming public at large" has an interest in expired patent subject matter which is not and cannot be made dependent on the individual "needs" or equities of a single producer. *Scott Paper*, 326 U.S. at 256-57. Furthermore, and particularly in its 1980's redefinition (see note 6 *supra*), the standard of "functionality" is completely unrelated to federal law standards of patentability. And just as the competitive significance of an invention is extraneous to whether it qualifies for patent protection, and is equally extraneous to the operation of the federal patent system in placing subject matter in the public domain. *Vornado*, 58 F.3d at 1508.

The Court of Appeals' invocation of the doctrine of "functionality" begged the question of whether the configuration of the Accused Signs was subject to regulation under 15 U.S.C. § 1125(a) in the first instance. It was not, both because subject matter disclosed and expired patents constitutes

"public property" which Petitioner had a "federal right to copy and to use," *Bonito Boats*, 489 U.S. at 165, and because the configuration of the Accused Signs does not constitute a mere "symbol" or "device" used "on" or "in connection with" "goods" as described in Part II, *infra*.

The Court of Appeals' position that an expired patent is merely "evidence" of whether its disclosures and teachings can be used by a competitor, 200 F.3d at 936, erroneously presupposes that federal patent law is a "one-way street" which supposedly vests rights only in patentees, under grants of rights to "exclude" under 35 U.S.C. § 154, and supposedly gives nothing to the public when a patent expires. Notwithstanding the persistence of some lower federal courts in adhering to this view (see note 11 and accompanying text, *supra*), it was explicitly rejected in *Bonito Boats*, 489 U.S. at 165.

Nor can the decision below be reconciled with this Court's decisions on a theory that *Bonito Boats, Sears, Compco,* and earlier cases only preclude assertion of "patent-like rights." *Midwest Trailer*, 175 F.3d at 1363. While those cases surely do bar assertion of "patent-like rights" in subject matter which federal patent law places in the public domain, their reasoning is not limited to claims of "patent-like rights." On the contrary, the purported basis of liability in *Compco* was and is indistinguishable from that articulated by the Court of Appeals in the decision below.

II. THE CONFIGURATION OF THE ACCUSED SIGNS IS NOT A MERE "SYMBOL" OR "DEVICE" SUBJECT TO REGULATION AS "TRADE DRESS."

The Trademark Act of 1946 establishes two separate, and very different, "registers" of trademarks: The "principal register," established under Title I of the Act, 15 U.S.C. §§ 1051-1072, and the "supplemental register," established under Title II of the Act, 15 U.S.C. §§ 1091-1096.

The "principal register" was established to strengthen the rights of trademark owners in the United States. Registration on the "principal register" constitutes "prima facie evidence of .... the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the [registration] certificate." 15 U.S.C. § 1057(b). *See Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 120 S. Ct. 1339, 1342 (2000).

The "supplemental register," by contrast, was established to facilitate the registration in foreign countries of subject matter which United States law did not recognize as trademark subject matter, and which was thus ineligible for registration on the principal register. *See Hearings on H.R. 9041 Before the House Comm. on Patents*, 75th Cong., 3d Sess. 180 (1938) ("The primary purpose of this supplemental register is to get registration abroad"). Registration on the supplemental register expressly *does not* imply any exclusive trademark rights in the United States. 15 U.S.C. § 1094.

The Lanham Act contains two very different definitions of "trademark," one for the principal register and one for the supplemental register. For purposes of registration on the principal register, Section 45 of the Act, 15 U.S.C. § 1127, defines the term "trademark" as including "any word, name, symbol, or device, or any combination thereof . . . ." For purposes of registration on the supplemental register, Section 23(c) of the Act, 15 U.S.C. § 1091(c), defines the term "mark" much more broadly, as follows (emphasis added):

> For the purposes of registration on the supplemental register, a mark may consist of any trademark, symbol, label, package, *configuration of goods*, name, word, slogan, phrase, surname, geographical name, numeral, or device or any combination of any of the foregoing, but such mark must be capable of distinguishing the applicant's goods or services.

The Section 45 definition of "trademark" was based on the common law definition of "trademark" stated in *McLean v. Fleming*, 96 U.S. 245, 254 (1877), wherein the Court held that "a trademark may consist of a name, symbol, figure, letter, form or device . . . ." At common law, the terms "symbol" and "device" were well understood as implying something "written, printed, stamped, painted, stenciled, branded, or otherwise, and either on the article itself, or on its case, covering, envelope, or wrapper." W. Browne, Treatise on the Law of Trademarks § 87 (2d ed. 1885). *See Fairbanks v. Jacobus*, 8 F. Cas. 951, 952 (C.C.S.D.N.Y 1877) (No. 4,608) ("a trademark . . . is something different from the article itself which the mark designates").

The much broader definition of "mark" contained in Section 23(c) of the Act, and in particular, its inclusion of the phrase "configuration of goods," was based on foreign law:

> About configuration of goods, and so forth . . . that phraseology was used to embrace every kind of trademark subject matter in foreign countries. The primary purpose of this supplemental register is to get registration abroad and in countries where a domestic registration is required and configuration of goods is there regarded as trademark subject matter, and if it is so regarded as trademark subject matter, we should regard it as such.

Hearings on H.R. 9041 Before the House Comm. on Patents, 75th Cong. 3d Sess. 180 (1938).

Section 43(a) of the Lanham Act was extensively amended by the Trademark Law Revision Act of 1988, Pub. L. No. 100-667, § 132, 102 Stat. 3946 (1988). At that time, Congress imported into Section 43(a) the definition of "trademark" applicable to the *principal* register. Section 43(a) was amended to make actionable certain uses of "any word, term, name, symbol, or device." 15 U.S.C. § 1125(a). The phrase "configuration of goods" was *not* included in the amended Section 43(a), but only in the amended Section 23(c) dealing with the supplemental register, 15 U.S.C. § 1091(c).

The omission of the phrase "configuration of goods" from amended Section 43(a) cannot be regarded as some mere oversight to be disregarded. "Where Congress includes

particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion." *Russello v. United States*, 464 U.S. 16, 23 (1983).

The Congress well knows how to pass design legislation protecting the "configuration" of "goods" sold in U.S. commerce. Over the past 85 years, literally dozens of industrial design bills have been introduced, and defeated, in the Congress. *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 167 (1989); *Hearings on S.213 Before the Subcommittee on Patents, Copyrights and Trademarks, Senate Committee on the Judiciary*, 100th Cong., 1st Sess. 11-17 (1987) (Statement of Ralph Oman). Congressional efforts to enact protection for "configurations of goods" continued after the 1988 amendments to the Lanham Act.[16] In 1998, the Congress actually passed, and the President signed, a statute protecting the "design of a useful article," 17 U.S.C. § 1301(a), but limited the statute's scope to "vessel hull[s]." 17 U.S.C. § 1301(b)(2).

Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), does not purport to regulate sales of "goods" *per se*. Rather the

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[16] *See, e.g.*, H.R. 1790, 102d Cong., 1st Sess. § 1001 (1991) ("The designer or other owner of an original design of a useful article which makes the article attractive or distinctive in appearance to the purchasing or using public may secure the protection provided by this chapter upon complying with and subject to this chapter").

statute distinguishes between "goods," on the one hand, and "any word, term, name, symbol, or device, or any combination thereof" used "*on* or *in connection with* any goods." 15 U.S.C. § 1125(a) (emphasis added). The phraseology "on or in connection with" clearly assumes that a "mark" is physically or conceptually separable from the goods and could be taken "off" while leaving the "goods" intact. That the terms "symbol" and "device" mean something different from "configuration of goods" is clear from Section 23(c) of the Act, which refers to "any trademark, symbol, . . . configuration of goods, . . . or device."

The principle *noscitur a sociis* dictates that "words grouped in a list should be given a related meaning." *Dole v. United Steelworkers of America*, 494 U.S. 26, 36 (1990). Here the words "symbol" and "device" are the last two of a string of words which begins: "word, term, name". Each of these first three words clearly designates something physically or conceptually separable from goods "on or in connection with which" they are used. The terms "symbol" and "device" clearly require a similar interpretation.

The requirement of physical or conceptual separateness is also evident on the face of the definition of "use in commerce" contained in 15 U.S.C. § 1127:

> For purposes of this chapter, a mark shall be deemed to be in use in commerce-(1) on goods when-(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods

> makes such placement impracticable, then on documents associated with the goods or their sale . . .

As with the language of 15 U.S.C. § 1125(a), the statutory definition of "use in commerce" specifically distinguishes between "a mark" and "goods" and identifies a "mark" as something "placed . . . on the goods." Here again, the statutory language makes clear Congress's intent not to restrict sales of "goods" *per se*, but to regulate merely physically or conceptually separable "marks" which are "placed . . . on the goods" and which can be readily taken "off" while leaving the "goods" intact. The"use in commerce" definition of 15 U.S.C. § 1127 embodies what historically has been known as the "affixation" requirement of trademarks. *See generally* 3 R. Callmann, *The Law of Unfair Competition, Trademarks & Monopolies* § 19.04(4th ed. 1998).

In each of this Court's recent decisions interpreting 15 U.S.C. § 1125(a), the subject matter in question has been physically or conceptually separable from the "goods" being sold by the plaintiff. *See Wal-Mart Stores, Inc. v. Samara*, 120 S. Ct. 1339 (2000) (appliques used on shirt collar); *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159 (1995) (color used on ironing board covers); *Two Pesos, Inc. v. Taco Cabana*, 505 U.S. 763 (1992) (decor used in connection with restaurant services). Packaging (*e.g.*, the COCA-COLA bottle) would also be fully eligible for protection under a physical and conceptual separability requirement.

The text of 15 U.S.C. § 1125(a) is fully consistent with this Court's long and unbroken line of decisions holding that federal

patent law creates "public property" which all have a "federal right to copy and to use," *Bonito Boats*, 489 U.S. at 152, 165, but that competitors must mark their products to indicate the product's source. Particularly in view of the Congress's demonstrated ability to enact design legislation when that it is its intent, 15 U.S.C. § 1125(a) cannot reasonably or sensibly be interpreted as affording the kind of broad design protection which it was held to afford in this case.

CONCLUSION

For the reasons set forth above, the decision of the Court of Appeals should be reversed.

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